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DENALI COMMISSION

Fiscal Year 2013 Draft Work Plan

Agency: Denali Commission.

Action: Notice

Summary: The Denali Commission (Commission) is an independent federal agency based on an innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development and training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998 Denali Commission Act (Act) (Title III of Public Law 105-277, 42 USC 3121). The Act requires that the Commission develop proposed work plans for future spending and that the annual Work Plan be published in the Federal Register, providing an opportunity for a 30-day period of public review and written comment. This Federal Register notice serves to announce the 30-day opportunity for public comment on the Denali Commission Draft Work Plan for Federal Fiscal Year 2013 (FY2013).

Dates: Comments and related material to be received by December 11, 2012.

Address: Submit comments to the Denali Commission, Attention: Sabrina Hoppas, 510 L Street, Suite 410, Anchorage, AK 99501.

For Further Information Contact: Ms. Sabrina Hoppas, Denali Commission, 510 L Street, Suite 410, Anchorage, AK 99501. Telephone: (907) 271-1414. Email: shoppas@denali.gov

Background: The Denali Commission (Commission) is an independent federal agency based on an innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development and training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998, Denali Commission Act (Act) (Title III of Public Law 105-277, 42 USC 3121).

The Commission's mission is to partner with tribal, federal, state, and local governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

By creating the Commission, Congress mandated that all parties involved partner together to find new and innovative solutions to the unique infrastructure and economic development challenges in America's most remote communities.

Pursuant to the Act, the Commission determines its own basic operating principles and funding criteria on an annual federal fiscal year (October 1

to September 30) basis. The Commission outlines these priorities and funding recommendations in an annual Work Plan. The Work Plan is adopted on an annual basis in the following manner, which occurs sequentially as listed:

- Project proposals are solicited from local government and other entities.
- Commissioners forward a draft version of the Work Plan to the Federal Co-Chair.
- The Federal Co-Chair approves the draft Work Plan for publication in the *Federal Register* providing an opportunity for a 30-day period of public review and written comment. During this time, the draft Work Plan is also disseminated widely to Commission program partners including, but not limited to, the Bureau of Indian Affairs (BIA), the Economic Development Administration (EDA), and the United States Department of Agriculture – Rural Development (USDA-RD).
- Public comment concludes and Commission staff provides the Federal Co-Chair with a summary of public comment and recommendations, if any, associated with the draft Work Plan.
- If no revisions are made to the draft, the Federal Co-Chair provides notice of approval of the Work Plan to the Commissioners, and forwards the Work Plan to the Secretary of Commerce for approval; or, if there are revisions the Federal Co-Chair provides notice of modifications to the Commissioners for their consideration and approval, and upon receipt of approval from Commissioners, forwards the Work Plan to the Secretary of Commerce for approval.
- The Secretary of Commerce approves the Work Plan.
- The Federal Co-Chair then approves grants and contracts based upon the approved Work Plan.

FY 2013 Appropriations Summary

The Commission has historically received federal funding from several sources.

These fund sources are governed by the following general principles:

- In FY 2013 no project specific direction was provided by Congress.
- The Energy and Water Appropriation is eligible for use in all programs.
- Certain appropriations are restricted in their usage. Where restrictions apply, the funds may be used only for specific program purposes.
- Final appropriation funds received may be reduced due to Congressional action, rescissions by the Office of Management and Budget, and other federal agency action. Final program available figures may not be provided until later in FY2013.
- All Energy and Water Appropriation funds, including operating funds, designated as “up to” may be reassigned to other programs, if they are not fully expended in a program component area or a specific project.

- **Total FY 2013 Budgetary Resources provided:**

These are the figures that appear in the rows entitled “FY 2013 Appropriation” and are the original appropriations amounts which do not include Commission operating funds. These funds are identified by their source name (i.e., Energy and Water Appropriation, USDA-RUS, etc.). The grand total for all appropriations appears at the end of the FY 2013 Funding Table.

- **Total FY 2013 Program Available Funding:**

These are the figures that appear in the rows entitled “FY 2013

Appropriations – Program Available” and are the amounts of funding available for program(s) activities after Commission operating funds have been deducted. The FY 2013 appropriations bill contains language that the Commission may utilize more than 5 percent for operating costs,

Notwithstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998.

However only, 5 percent of Trans Alaska Pipeline Liability (TAPL) Trust Funds are used for agency operating purposes. The grand total for all program available funds appears at the end of the FY 2013 Funding Table.

- **Program Funding**

These are the figures that appear in the rows entitled with the specific Program and Sub-Program area, and are the amounts of funding the Draft FY 2013 Work Plan recommends, within each program fund source for program components.

- **Subtotal of Program Funding**

These are the figures that appear in rows entitled “subtotal” and are the subtotals of all program funding within a given fund source. The subtotal must always equal the Total FY 2013 Program Available Funding.

Denali Commission FY 2013 Funding Table	Totals
FY 2013 Energy & Water Appropriation	\$10,165,000
FY 2013 Energy & Water Appropriation - Operating Funds	\$3,000,000
FY 2013 Energy & Water Appropriation -- Program Available	\$7,165,000

Energy	
• <i>Bulk Fuel Tank Replacement</i>	
• <i>Rural Power System Upgrades</i>	
• <i>Transportation – Related Barge Landing, Mooring Points and Marine</i>	
<i>Total Energy Projects</i>	Up to \$6,865,000
<i>Pre-Development Program</i>	Up to \$300,000
Sub-total \$	\$7,165,000

FY 2013 TAPL Trust	\$6,800,000
FY 2013 TAPL Program Available (less 5% operating funds)	\$6,460,000
<i>Bulk Fuel Planning, Design & Construction</i>	\$6,460,000
Sub-total \$	\$6,460,000

TOTAL FY 2013 Federal Program Available	\$13,625,000
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FY 2013 Program Details & General Information

The following section provides narrative discussion for each of the Commission Programs identified for funding in the FY 2013 funding table above.

Energy Program

Basic Rural Energy Infrastructure

The Energy Program is the Commission's original program and focuses on bulk fuel facilities and rural power system upgrades/power generation (RPSU) across rural Alaska. About 94% of electricity in rural communities is produced by diesel generators and about half of the fuel storage in most villages is used for these power plants. The majority of the Commission's work in the energy program is carried out by two of our long-standing partners: Alaska Energy Authority (AEA), an agency of the State of Alaska, and the Alaska Village Electric Cooperative (AVEC), a non-profit member organization.

FY 2013 Project Selection Process

(Bulk Fuel/RPSU/Mooring Pontoons and Marine Headers)

The projects selected for FY 2013 funding are prioritized within the two energy program themes: bulk fuel and RPSU. The selected projects (in the table below) exceed FY 2013 funding levels (both TAPL and Energy and Water Appropriations), with the understanding that projects may proceed out of order due to factors such as the extended period of time between project selections, draft Work Plan development, and grant execution; match funding availability; and due diligence requirements.

The Commission has been working in partnership with the U.S. Army Corps of Engineers (USACE) since 2009 to complete an assessment of prioritized barge landing and mooring point upgrades throughout Alaska. In many communities barge landing and mooring points are positioned adjacent to marine fuel headers to allow for the safe and efficient bulk delivery of community fuel that is used for heating and electric generation. However, in some cases communities have multiple marine header sites and are

currently undertaking development and positioning of new barge landing and mooring point locations. Base funds (Energy & Water Appropriation) will be used in FY 2013, leveraged with existing transportation funds from prior years, to develop centralized marine header locations in coordination with prioritized barge landing and mooring points design and construction.

Bulk Fuel Projects	Total Project Cost	Cost Share	DC Funding	Program Partner	Priority
St. George	\$2,000,000	\$1,000,000	\$1,000,000	AEA	1
Emmonak/Alakanuk	\$4,000,000	\$800,000	\$3,200,000	AVEC	2
Tatitlek	\$2,300,000	\$460,000	\$1,840,000	AEA	3
Pilot Station	\$3,000,000	\$600,000	\$2,400,000	AVEC	4
RPSU Projects	Total Project Cost	Cost Share	DC Funding		
Emmonak/Alakanuk	\$6,000,000	\$1,200,000	\$4,800,000	AVEC	1
Nunam Iqua	\$3,000,000	\$600,000	\$2,400,000	AEA	2
New Stuyahok/Ekwok	\$3,250,000	\$650,000	\$2,600,000	AVEC	3
Koliganek	\$3,800,000	\$760,000	\$3,040,000	AEA	4
Alaska Energy Authority Project Management	\$157,200	0	\$157,200	AEA	
Alaska Village Electric Cooperative Project Management	\$480,000	0	\$480,000	AVEC	
Barge Landing and Mooring Points Projects	Total Project Cost	Cost Share	DC Funding		
Barge Landings and Mooring Points	\$1,200,000	\$800,000	\$400,000	USACE	

Pre-Development Program

The Pre-Development Program (Pre-D) is a service provided by The Foraker Group in

collaboration with the Alaska Mental Health Trust Authority, The Commission, Mat-Su Health Foundation and Rasmuson Foundation. Pre-D offers guidance and technical resources for planning new facilities and renovating or expanding existing ones. Services are provided to nonprofit, municipal and tribal organizations to determine the feasibility of their projects and develop the documentation needed for funding applications.

Pre-D's core purpose is planning ***Sustainable Capital Projects*** – projects that contribute to the long-term viability of the organization and the community it serves. The Commission has been committed to contributing to sustainable projects since its inception. Pre-D supports successful projects by assisting with early planning which considers community needs, potential collaboration, organizational capacity and sustainability.

The Commission is a founding member of Pre-D since 2007. As the agency's capital funds have decreased in recent years, the benefits of Pre-D have become more evident. It is ever more critical to ensure that limited federal appropriations be invested in sustainable, realistic, right-sized capital projects.

Further information about the program can be obtained at the following link:

<http://www.forakergroup.org/index.cfm/Shared-Services/Pre-Development>

Joel Neimeyer
Federal Co-Chair

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